

FOREIGN CURRENCY EXPORT FINANCE (FCEF) FACILITY
(COVENANTS OF THE SCHEME)

The facility

- a) The Foreign Currency Export Finance facility is a dollar based window and self liquidating. Under this scheme market based export finance will be available to Small and Medium sized Direct Exporters (DE) as also their suppliers i.e. Indirect Exporters (IDE). The facility will run parallel to the existing Export Finance Scheme (EFS) of the State Bank of Pakistan as an additional and alternate facility. The financing of inputs under the FCEF facility would be available for a maximum period of 180 days for both DE and IDE from the date of drawdown of the facility.
- b) The items not eligible to be financed under the Scheme will include (i) arms ammunition and other military material, (ii) radioactive and associated material, (iii) nuclear reactors or parts thereof, fuel (cartridges), non irradiated nuclear reactors, (iv) luxury items, (v) consumer goods, (vi) and such other goods and materials as may be specified from time to time. The rates of fine as are applicable under Export Finance Scheme, shall also apply on the facilities availed by borrowers / banks under the FCEF Scheme.
- c) The facility availed under this scheme against any export order, export letter of credit or any other customary export document which evidence a firm export order will not be in duplication of any other facility such as Part I and Part II of the EFS. A borrower availing this facility will be required to confirm in his application for FCEF facility that he has not availed financing under the Export Finance Scheme (EFS). In case he has already availed EFS facility under an export order / letter of credit, his entitlement for FCEF facility will be restricted to the extent of the unavailed portion, if any, of the said export order / letter of credit.
- d) The Pre-shipment facility will be available to exporters to finance inputs, to fulfill the export order/letter of credit concerned or which are either purchased domestically or imported under the Duty Drawback Scheme, Duty and Tax Remission for Exports Scheme or the Common Bonded Warehouse Scheme and are to be used for re-exports. The facility will be available, only to finance inputs from ADB member countries, a list of which is attached at Annexure 'A'.
- e) An exporter shall also be eligible to avail the facility on post shipment basis against foreign currency export bills and open trade account for a period of upto 180 days. Where the post shipment finance is based on open account trade, it is recommended that the exporter have export credit insurance to mitigate risk of non-performance by the international buyer.
- f) Suppliers of DEs i.e IDEs can also avail the FCEF facility on the strength of Inland Letter of Credit (ILC) established or Standardized Purchase Order (SPO) issued by his Direct Exporter and on the basis of a certificate given by him to the effect that import of specified goods for the specified value is required for meeting the export order accepted by the Direct Exporter concerned.

2. Cost of Funds

- a) The facility will be made available by the State Bank of Pakistan through the dollar window at markup rates notified from time to time. These markup rates will be based on the cost of funds to the Government. The Participating Commercial Banks (PCB) would be permitted to recover their charges from the borrowers at a maximum margin of 2% per annum of the facility amount in Pakistani rupees calculated at their buying rate prevalent on the date of repayment of the facility to the State Bank for pre-shipment finance and a maximum margin of 2% per annum for post-shipment finance (calculated in the same manner), provided that if post shipment insurance has been obtained by the borrower, this margin will be reduced by at least 0.5% or more, as may be prescribed by SBP from time to time.
- b) As you are already aware, that a Pre-shipment Export Finance Guarantee (PEFG) Agency is in the process of being set up by the Government for which State Bank of Pakistan is the executing agency, which will provide an impetus to exporters who do not presently have access

to bank financing, particularly small, medium and emerging exporters due to lack of collateral acceptable to banks. The cover provided by the PEFG will substitute for the collateral requirements of the banks and hedge against the financing risks of the commercial banks against non performance, non delivery and non payment by the exporters. Such PEFG cover can also be obtained by borrowers availing finance under this Window. However, it shall not be mandatory upon them to obtain PEFG cover. While under the PEFG, coverage will generally be available at the pre-shipment stage, in order to diversify exports which are presently concentrated towards a few products and a limited market, it is expected that the PEFG will establish an association with internationally reputed global export credit insurance providers. Such a cover is expected to help penetration of Pakistani exports into new markets providing a safeguard against unknown foreign buyers. It is expected that the PEFG shall play a critical role in linking for the pre-shipment and post shipment stages of financial cycles.

3. Eligibility of the Exporters.

a) The facility will be available to qualified Emerging Direct, Indirect Small and Medium Exporters (SME), Registered Importers and Common Bonded Warehouses, as a transaction based dollar denominated facility against firm export orders, export letters of credit or any other customary export documents which evidence a firm export order. The term Small or Medium exporter, Emerging exporter and Indirect exporter are defined as under :-

- i) Small or Medium sized enterprise (SME)' is an enterprise which is a Direct or an Indirect exporter and which reports upto the equivalent of US\$ 2,500,000 of direct or indirect export earnings during the enterprise's preceding fiscal year.
- ii) 'Emerging Direct Exporter' means a new exporter who has not previously exported products.
- iii) 'Indirect Exporter' means a manufacturer or suppliers of goods or materials which are to be used as an inputs for exports.

Large DEs (i.e. traditional exporters who do not fall into the SME category) will be entitled to avail not more than 50% of the total outstanding principal amount under FCEF in aggregate at any point of time.

b) The eligible Direct Exporter and Indirect Exporters (as defined in the Duty and Tax Remission for Export Rules, 2001) must :-

- (i) have a firm export order in case of a Direct Exporter.
- (ii) have an Inland Letter of Credit / Standardized Purchase Order (SPO) in terms of BPRD Circular No.24 of 1999 or a firm supply order which is linked to an export order, in the case of Indirect Exporter.
- (iii) be registered with the Export Promotion Bureau (EPB),
- (iv) not have any outstanding non-performing loans to financial institutions
- (v) be in compliance with the current environmental and labor laws and regulations in Pakistan, as amended from time to time and
- (vi) not have received funding for goods or services under the Export Finance Scheme.

c) Commercial Exporters (i.e. Trading Companies) who have a track record of exports of eligible commodities would also be eligible for the FCEF facility if the eligible goods to be exported by them require imported inputs or raw materials and they themselves wish to import the inputs for supply to an Indirect Exporter who is required to manufacture the goods to be exported. The facility would be repaid by them in the manner indicated in paragraph 6(e).

d) Registered importers (i.e. Trading Companies) who wish to import the required inputs for supplying the same to Direct or Indirect Exporter of an eligible commodity would also be eligible to avail of the facility, if they submit an undertaking to the PCB that the inputs imported by them would be sold to domestic Direct and Indirect Exporters to be utilized in exports. They would repay the facility on receipt of payment from the Direct or Indirect exporter but not later

than 180 days, from the date of reimbursement of funds from the State Bank of Pakistan to the PCB.

e) Common Bonded Warehouses would also be eligible to avail the facility under the Scheme for utilization and value addition by themselves for a period not exceeding 180 days after the relevant rules are framed by the Central Board of Revenue.

4. Eligible Participating Commercial Banks (PCBs).

a) PCBs which have met, and continue to meet, the SBP's prudential banking regulations on minimum paid-up capital requirement, the income recognition, provisioning standards and minimum capital adequacy ratios will be eligible to avail financing for the benefit of their exporters from this FCEF window.

b) The facility shall be provided by the State Bank from its special dollar window on first come first served basis through PCBs who will not be restricted by the size of their balance sheets to have access for financing from this window. Each PCB will be advised individually about its eligibility to draw on the facility by the Banking Supervision Department of the State Bank of Pakistan who shall administer the facility.

5. Conditions for Participating Commercial Banks

a) The PCBs will determine the category of qualified exporter on the basis of evidence submitted to them. They shall ensure that the materials, equipment and goods being imported and financed under the FCEF facilities shall have their origin in member countries of the Asian Development Bank. They shall also ensure that the procurement procedure applied by the exporters when procuring the required material, equipment and goods are in accordance with normal commercial practices and appropriate in the circumstances with due regard for the principles of economy and efficiency and used by their borrower to fulfill the export order. In this regard, PCBs shall be under obligation to provide to the State Bank of Pakistan such certificate concerning procurement as the State Bank of Pakistan shall reasonably require. They shall also ensure that the exporter is not allowed any finance from the FCEF facility to the extent of the finance availed by an exporter under Part I or Part II of the Export Finance Scheme.

b) The maximum size of the facility to be granted to an exporter under this Scheme against one export order will be US\$500,000/- or equivalent which will be the transaction limit. Any individual DE or IDE may have aggregate drawing in excess of US\$ 500,000/- for multiple export orders.

c) The PCB may allow finance facility under the FCEF facility for Pre-shipment and Post shipment as set out below:-

- i) Pre-shipment financing will be available upto a maximum of 80% of the value of the export order or 100% of the CIF value of the goods, whichever is less and
- ii) Post shipment financing will be available to the extent of shipments made upto 80% of the value of the export order or if payment is by irrevocable letter of credit upto 100% of the value of the relevant letter of credit.

d) When the documents for the imported inputs or raw materials are negotiated abroad or otherwise paid for through the PCB's Nostro account, it would obtain reimbursement from the State Bank of Pakistan immediately on request made as per Annexure "C".

e) Financing under this scheme shall be allowed to the eligible PCBs for on lending to the qualified exporters against execution of the financing agreement and DP Note on PCBs standard documentation subject to incorporation of any provision required by these Regulations. Each request from the PCB seeking State Bank of Pakistan's agreement for extension of the FCEF facility shall accompany with the agreement on "Form - A" and DP Note to be executed by the PCB for the value of the facility amount so requested.

f) The PCB shall maintain separate legal documentation and records, including relevant Export Order / Letter of Credit or export certificate, etc, adequate to record and monitor the use of the facility and realization of the export proceeds under the FCEF facility executed with their borrowers as the case may be, to ensure compliance by them with the stipulations contained in the Regulations and Guidelines of this facility, in accordance with the standard / prudent lending principles of Pakistan. The PCB shall allow access to the State Banks inspectors or to any other representative authorized by the SBP to inspect the relevant records and documents at any point of time during the currency of the Scheme.

g) The PCBs will also be required to report realization of foreign exchange proceeds of the export as "purchase" on Schedule A-1 for onward remitting the amount in the Special Account being maintained with the State Bank of Pakistan on behalf of the lender alongwith a certificate i.e. Proceeds Realization Certificate (PRC) evidencing repatriation of export proceeds as also attach relevant Form "M".

h) In case of export to Asian Clearing Union (ACU) member countries, where export proceeds are not realized in convertible currencies Authorized Dealers have the general permission as per Foreign Exchange regulation to make remittances of the amount of principal / markup less taxes at the current exchange rate.

6. Procedure for availing finance from the dollar window.

a) Each borrower / exporter shall bear foreign exchange risk which may arise in relation to withdrawal from the FCEF facility. The PCB will encourage their borrowers to obtain forward coverage or make other suitable arrangements to minimize foreign exchange risk such as purchasing export credit insurance. An exporter drawing on the FCEF facility to finance domestic inputs, may convert the dollar facility on the spot market into Pakistan rupees in the interbank market, to the extent of such domestic input requirements. Each PCB shall, however assess the borrower's ability to bear the foreign exchange risk. The PCB or PEFG, as the case may be, will confirm with the exporter that his foreign exchange exposure is adequately covered. This confirmation will primarily be done in cases where the exporter opts to avail PEFG cover through the use of the export credit insurance mechanism which the PEFG is expected to establish.

b) Under the proposed modalities of the scheme, an applicant (i.e. a qualified DE, IDE, Common Bonded Warehouses, Registered Importer) will submit duly filled in standard application form as per Annexure - "D" to PEFG or a PCB. The application should clearly specify the mode of payment viz. letter of credit, document against acceptance / payment, currency and credit period of the export order / letter of credit / any other customary documents evidencing export / supply and provide details required on inputs i.e. domestic or direct imports and be accompanied by :-

- i) relevant export order/letter of credit, in the case of a DE,
- ii) standardized purchase order / inland letter of credit linked to an export order / letter of credit, in case of an IDE.

c) Where the mode of payment is irrevocable letter of credit, the issuing bank has to be of acceptable credit quality to the PCB or the PEFG, as the case may be. Where however, the mode of payment is by open account or documentary payment or acceptance:-

- i) credit insurance is required (to establish security), and
- ii) credit limits on the overseas buyers will be established by the PCB / PEFG as the case may be.

d) The application will be approved by PCB and with the assistance of PEFG in case of the applicants availing themselves of PEFG. After the PCB has, in principle, agreed to extend the facility, it would send a request to the State Bank through a letter as per Annexure 'B' to the Apex Unit of the Banking Supervision Department of State Bank of Pakistan for confirmation that funds are available. State Bank of Pakistan will ensure that the individual limits and the ceiling for non-SME exporters are not breached. Within two working days of receipt of the

request, State Bank would confirm its agreement for extension of the credit facility to the PCB on the basis of which the PCB may open a letter of credit.

e) Upon repayment of the facility by the borrower/exporter or realization of the proceeds, the PCB shall be obliged to make repayments of the same to the State Bank of Pakistan within three working days. Where the export proceeds have not been repatriated at the time of maturity, the facility would be repaid by the PCB from its own Nostro Accounts or from Foreign Currency Account, as the case may be alongwith markup accruing in Pak Rupees. It shall also be obligatory on the PCB to recover duties or withholding tax as per law in force in Pak Rupees.

f) PCBs are permitted to make forward sales of foreign currency to the Indirect Exporter to the extent of import letter of credit opened for such imports, if the LC received by the Indirect Exporter is denominated in rupee. The facility provided to the Indirect Exporter would be liquidated either

- (i) by payment out of the export proceeds,
- (ii) by negotiation of the Indirect Exporter's bill drawn on the Direct Exporter, the amount involved converted into US\$ at the rate prevailing on the date of negotiation in respect of supplies delivered by him, against the inland letter of credit, or
- (iii) within 180 days of the date of reimbursement from the State Bank of Pakistan to the PCB on the negotiation of the import Letter of Credit, whichever comes earlier.

The PCB of the Indirect Exporter will utilize the required amount from such payment for purchase of the foreign currency amount required for repayment of the facility and markup thereon and pay the same to the State Bank alongwith markup less taxes if applicable as per Pakistan's law and recover its own charges in the manner prescribed in para 6(e).

7. Conditions to be met by eligible exporter

a) Upon confirmation of availability of funds, Export contract / Letter of Credit, in case of a Direct Exporter, or Standardized Purchase Order / Inland Letter of Credit, in the case of an IDE, will be assigned to the PCB or to the PEFG, where cover under PEFG has been obtained by the applicant.

b) Where cover under the PEFG Scheme has been obtained, the PEFG will then issue the guarantee in favor of the PCB to enable it to issue an import letter of credit to cover the imported element of the export order.

c) The import Letter of Credit in case of a DE (or inland Letter of Credit or Standardized Purchase Order in the case of an IDE) is issued by the applicant's PCB upon receipt of confirmation from the SBP of availability of funds and receipt of the PEFG guarantee, where required.

d) The imported goods are shipped under the import letter of credit or goods are received from the domestic market and settlement is made from the FCEF funds.

e) In case of domestic input purchases, exporter will be under obligation to submit the proof of procurement to the satisfaction of the PCB who shall then against proper documentary credit of such procurement, release payments to the suppliers on behalf of the exporter.

f) Once the export goods are shipped, evidence of shipment and acceptance of the quality of goods by the buyer or nominated agent is lodged with the PCB or PEFG. Documents lodged under letter of credit, if applicable are sent on collection basis and funds are used by the PCB to liquidate the FCEF facility.

g) The exporter will be under obligation to negotiate and handle the export documents including repayment of the facility out of the export proceeds through the same PCB from which it has availed the FCEF facility.

**FORM OF THE AGREEMENT TO BE OBTAINED FROM THE
CONCERNED / MAIN BRANCH OF THE SCHEDULED BANK
(TO BE STAMPED AS AN AGREEMENT IN ACCORDANCE
WITH THE LAW IN FORCE IN EACH PROVINCE).**

_____ (Place)

_____ (Date)

To,

The State Bank of Pakistan,
(Name of SBP Office),

Dear Sirs,

In consideration of your agreeing to our request, to make available refinance under the Foreign Currency Export Finance (FCEF) facility in accordance with the FCEF Regulation issued by you (FCEF Scheme) at your discretion to us against our request under Section 21(1) of the State Bank of Pakistan Act, 1956, not exceeding US \$_____ (excluding mark up) against foreign currency provided by us to our borrower for which amount we have delivered to you a demand promissory note in your favour carrying mark up at a rate mentioned hereinafter we agree as follows :-

(1) As security for the said advances, we shall deliver to you bills of exchange / demand / usance promissory notes duly endorsed to you, as are acceptable to you and drawn on and payable in Pakistan, arising out of bonafide loans and advances and duly certified by us as to the bonafides thereof and made to eligible borrowers under the FCEF Regulations against export orders / letters of credit standardized purchase order / inland letters of credit for purchase of inputs domestically or for financing import of input / raw material against import letters of credit from the member countries of ADB to be procured in accordance with normal commercial procurement standard, or inputs imported under Duty draw back scheme, Duty and Tax Remission for Exports Rules 2001 and Common Bonded Warehouse Scheme, which inputs procured are meant to be used to produce export and it is understood that the aforesaid accommodation will be made and continued on the faith of the truth and correctness of such certificates.

(2) We shall not extend finance or deliver to you any bill of exchange / demand / usance promissory note in terms of this agreement unless we are satisfied that all parties liable thereon are financially sound and credit worthy have a firm export order in the case of a direct exporter or an inland Letter of Credit / Standardized Purchase Order in terms of BPRD Circular No. 24 of 1999 or a firm supply order which is linked to an export order, in the case of an Indirect Exporter, are registered with Export Promotion Bureau, do not have non performing loans towards financial institutions and are in compliance with the prevalent environment and labor laws, and that by such delivery we certify the genuiness of signature as well as the authority of all persons thereon. We undertake to advise you promptly of any change in the position of any exporter / borrower which can reasonably be considered to affect the security of the bill of exchange / demand / usance promissory note hereunder.

(3) The maximum rate of mark up to be charged by us from the sub borrower shall not exceed _____%. The rate of mark up to be paid to you by us, shall be _____%. Mark up shall be payable by us to you at quarterly rests on maturing of the bills or promissory notes whichever is earlier. It shall be open to you to reimburse yourselves with the amount of mark up by charging the same to our current account with you.

(4) Without prejudice to your right to obtain repayment of the amount of advance outstanding at any time on demand, we undertake that the advance taken by us will be repaid by

us within a maximum period of 180 days in respect of loans executed by us to eligible borrowers as defined in the FCEF Scheme from the date of the advance. In case the borrower repays the advance earlier than the said period, we shall be bound to repay to you the amount of refinance so repaid by the borrower within a period of 3 working days of the date on which the borrower repays the advance and further agree that all amount received by us for which refinance has been obtained from you shall be applied by us in repayment of the refinance and till so applied will be held by us for and on your behalf.

(5) Without prejudice to your rights as creditors against us for the realization of any bill of exchange / demand / usance promissory note at maturity, we agree, if you so desire, to take at our expense, all steps as may be necessary to realize the money from our debtors and forthwith pay the same to you, to the extent we are required to pay our obligations in the manner as provided in Para 4 above and pending such payment, shall hold the same for and on your behalf.

(6) We agree that the fact of your not taking steps to enforce payment of such bills of exchange / promissory notes or any of them against the signatory or signatories thereon shall in no way release us from liability thereon and we further agree that it shall be unnecessary for you to give any notice of dishonor.

(7) We agree that in default of repayment by us on any bill of exchange / demand / usance promissory note or under the terms of clause 4 and 5 above, you have our authority not only to debit without further reference to us our Nostro accounts now held or which may be held hereafter with you for the amount financed by you to us under any such bill of exchange / demand / usance promissory notes or under clause 4 or 5 above but also to adjust or set off such amount against any amount which may be due from you to us or come into your possession. We undertake not to question the correctness or propriety of such debits or set off on any ground whatsoever.

(8) The PCB shall maintain separate legal documentation and records, including relevant Export Order / Letter of Credit or export certificate, etc, adequate to record and monitor the use of the facility and realization of the export proceeds under the FCEF facility executed with their borrowers as the case may be, to ensure compliance by them with the stipulations contained in the Regulations and Guidelines of this facility, in accordance with the standard / prudent lending principles of Pakistan. The PCB shall allow access to the State Banks inspectors or to any other representative authorized by the SBP to inspect the relevant records and documents at any point of time during the currency of the Scheme.

(9) We agree that this Agreement, the bill of exchange / demand / usance promissory note executed by us and tendered to you in terms of clause 1 above for US \$ _____ (notice of dishonor of which promissory note is waived under Section 98 of Negotiable Instrument Act, 1881), and the securities / security documents mentioned in clause 15, shall operate of a continuing security for the said facility alongwith mark up accruing thereon and all costs, charges or expenses which you may be entitled to recover under law notwithstanding the existence of a credit balance at any time or any partial payments or fluctuations in accounts or withdrawal of any part of the security.

(10) If the borrower fails to utilize the loan exclusively for purposes specified in clause 1 and in accordance with the FCEF Scheme or use them for exports or effect the shipment / supply on or before the due date as mentioned in the export order or letter of credit or standardized purchase order or inland letter of credit, {except where such failure is in your reasonable opinion due to reasons beyond the control of the borrower}, we undertake to recover from him within 15 days following the date of his such failure fine at the prescribed scale. In all cases where refinance has been obtained by us from you, the fine so recovered (over and above rate of mark up applicable on FCEF Facility) will be passed on by us to the State Bank not later than three working days from the date of recovery. If we fail to pass on the fine as aforesaid, you shall have the right to (1) adjust or set off the same against any amount due by us from you or (2) debit our accounts now held or which may be held thereafter with you.

(11) Any demand to be made by you under the agreement shall be sufficiently made if it is made in writing and addressed and sent by post or otherwise to our Head Office or our branch tendering the document mentioned in clause I above.

(12) We expressly understand that you are entitled to cancel this facility or to recall the advances at any time for any reason whatsoever or howsoever, without any prior notice to us and that you are entitled not to make any advance anytime under the aforesaid scheme and that we have acquired no right or claim for demanding advances from you by grant of your commitment of availability of credit under FCEF Scheme or by the execution of demand promissory note in your favour or by deposit of demand / usance promissory notes / bills of exchange in question or by making a loan or advance to any borrower on the faith of this agreement or the continuing of the Scheme.

(13) Notwithstanding the endorsements of bills of exchange / promissory notes mentioned in clause 1 herein before or the assignment of loan indebtedness and / or the securities therefore mentioned in clause 15 in your favour, we shall always remain liable as a principal debtor to you for the due repayment of the advances given to us under this Agreement.

(14) We agree that notwithstanding anything contained elsewhere in this agreement the amount of this loan alongwith the mark up prescribed will become due and payable by us if we commit breach of any of the terms and conditions of this agreement. We agree that you have our authority to decide whether we have committed breach of any of the terms and conditions of this agreement and that we shall not question such decision on any ground whatsoever.

(15) We agree to hold the securities / security documents now held or which may be held by us as security for this advances given to our borrower upon trust for you so long as any refinance in respect of these advances remain outstanding from us and by way of security for due repayment thereof with mark up and we undertake to deal with the same as you may direct. We further agree that if and when we realize these securities or any part of it we shall pay over to you all such realizations, to the extent required to pay our obligation and pending such payment, shall hold the same for and on your behalf. We further, agree to assign / transfer to you, at your demand and at our expense, all such securities and security documents in your favour. We agree that despite such assignment / transfer, the provision of clause 5, 6 and 7 shall mutatis mutandis apply.

(16) Save as is otherwise provided in this agreement such contents of the Scheme as circulated vide EPD Circular No. _____ dated the _____ and any other Circular issued subsequently by SBP which are relevant to this Agreement shall be deemed to have been incorporated in this Agreement.

Yours faithfully,

For and on behalf of _____

(Name of the Scheduled Bank)

(Signature) _____

(Designation) _____

List of the member countries

Afghanistan
Australia
Austria
Azerbaijan
Bangladesh
Belgium
Bhutan
Cambodia
Canada
China, People's Republic of
Cook Islands
Denmark
Fiji Islands, Republic of the
Finland
France
Germany
Hong Kong-China
India
Indonesia
Italy
Japan
Kazakhstan
Kiribati
Korea, Republic of
Kyrgyz, Republic of
Laos People's Democratic Republic
Malaysia
Maldives
Marshall Islands, RMI
Micronesia, Federated States of
Mongolia
Myanmar
Nauru
Nepal
Netherlands
New Zealand
Norway
Pakistan
Papua New Guinea
Philippines,
Samoa
Singapore
Solomon Islands
Spain
Sri Lanka
Sweden
Switzerland
Taipei, China
Tajikistan
Thailand
Tonga
Turkey
Turkmenistan
Tuvalu
United Kingdom
United States
Uzbekistan
Vanuatu
Vietnam

The Director,
Banking Supervision Department,
State Bank of Pakistan,
Central Directorate,
Karachi

Dear Sir,

FCEF Scheme under ADB Loan No. 1796-PAK
Request for dollar facility

We have accepted in principle the request of M/s. _____ who is a Direct/ Indirect Exporter/Registered Importer for export finance amounting to US \$ _____ for export / supply of (name of commodity) to M/s. (Buyer) of (country) .

- i) against export order / letter of credit No. _____ dated _____ for US \$ _____ or equivalent. *(To be filled in by the Direct Exporter)*

OR

against Standardized Purchase Order (SPO) / Inland Letter of Credit (ILC) No. _____ dated _____ for Pak Rs. _____ equivalent US \$ _____ and is linked to Export Order / Letter of Credit No. _____ dated _____ issued by M/s. _____ *(To be filled in by the Indirect Exporter)*

OR

- iii) the importer has given an undertaking that the inputs imported by him would be sold to Direct and Indirect Exporters to be utilized in exports. *(To be filled in by the Registered Importers).*

2) The loan is expected to be disbursed in (month) whereas the export is expected to take place in (month) and the request is covered by F.E. Circular No. _____ of 2001 and we further confirm and certify that :-

- (i) No finance has been obtained to the extent of this request under the Export Finance Scheme.
(ii) the bill of exchange / demand / usance / promissory note has been drawn to the extent of US\$ (amount) and being submitted as a security against the advances which have been made by us to the borrower who is eligible to borrow in terms of the FCEF facility and
(iii) the export order / letter of credit / standardised purchase order / Inland letter of credit / is a bonafide order.

3) We request you to please confirm your agreement for extension of the credit facility to the extent of \$ _____ in order to enable our customer to place the order/us to open the letter of credit, on behalf of our customer. We further confirm that the facility will be drawn by us through your _____ Office of SBP.

4) We agree to repay the loan within 3 working days of the receipt of export proceeds/receipt of payment by the importer or within 180 days from the date of disbursement of loan by you, whichever is earlier, along with mark up at _____ % in Pak Rupees as calculated at our buying rate prevalent on the date of repayment of the facility.

Yours faithfully,

(_____)
Authorised Signatory of the PCB

FCEF-4
(Annexure "C")

The Chief Manager,
State Bank of Pakistan,
_____.

Dear Sir,

FCEF Scheme under ADB Loan No.1796-PAK
Request for disbursement of US\$-----

Kindly refer to confirmation regarding extension of a loan of US \$ _____ to our customer M/s. _____ conveyed to us vide your BSD's letter No. _____ dated _____. The amount of \$ _____ (amount in words) has been paid against the import of _____ and we request you to please pay the amount by credit to our account with _____ (Bank).

Yours faithfully,

()
Authorized signatory
of the PCB

Application Form and Registration under FCEF Scheme

The Manager,
----- Bank Ltd.,
----- Branch /City

Dear Sir,

We the following, as a Direct/Indirect Exporter/Registered importer:-

M/s. _____
Address _____
Town _____
Common Tax Identifier Number CTIN _____
EPB Registration No _____

append our particulars in connection with the request for advance of US \$ _____ out of the above FCEF Scheme for _____ days which we intend to:-

- i) avail against FEO/LC No. _____ dated _____ amounting to US\$ _____ equivalent in (currency) for export of (commodity) to (name of buyer and his country).
(To be filled by a Direct Exporter)
- OR
- ii) avail against SPO/ILC No. _____ dated _____ amounting to US\$ _____ equivalent for supply of (commodity) to (name of buyer opening SPO/ILC) against FEO/LC No. _____ dated _____.
(To be filled by an Indirect Exporter)

Trading History:

Year	2000	1999	1998
Turnover			
Average Order			
Number of shipments			
Value of shipments outstanding			

The break up of imported / domestic inputs as also value addition is as under:-

Imported Inputs (\$)	Domestic Inputs (\$)	Value addition (\$)

Total :

Input to be procured from Domestic suppliers out of the facility:

Name	Description of inputs	% of imported order	Value (\$)

Inputs to be imported from Overseas suppliers out of the facility:

Name	Description of inputs	% of imported order	Value (\$)

We further certify that:

- i) we neither have received nor will receive finance under the Export Finance Scheme to the extent of advance being requested under this application.,
- ii) we are in compliance with current environmental and labour laws and regulations in Pakistan,
- iii) we have no outstanding non-performing loans with any financial institution.

Signature of Authorised
signatory of the exporter

